

Message Text

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ACTION COME-00

INFO OCT-01 EA-10 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00

RSC-01 XMB-04 AID-05 /035 W
----- 064763

P R 170545Z JAN 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 6157

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS SECTION 1 OF 2 JAKARTA 0698

E.O. 11652: N/A

TAGS: BEXP, ID

SUBJ: FY75 CCP: FIRST SEMESTER PROGRESS REPORT

REF: A) STATE 289182

B) JAKARTA 0309

1. THIS REPORT ESSENTIALLY PREPARED PER REF A RECOMMENDED MANAGEMENT-BY-EXCEPTION CONCEPT WITH ADDED CLARIFICATION. CCP TASK FORCE ENDORSES CONTENTS REF B AND REQUESTS REPLIES QUESTIONS IT RAISED. TASK FORCE BELIEVES PROGRESS DURING ABBREVIATED FIRST TWO QUARTERS IN LINE WITH CCP TIMETABLE WITH BELOW EXCEPTIONS.

2. OBJECTIVE A (ANNEX A): KNOWN INVESTMENT PROJECT PROCUREMENT. POST HAS LEARNED THIS OBJECTIVE SIGNIFICANTLY UNREALISTIC AND UNPRODUCTIVE. PART OF THIS JUDGEMENT MAY BE RESULT OF WASHINGTON DELETION FROM FINAL CCP PROPOSED MEPD SUPPORT ACTIONS IN THE U.S., SINCE MAJOR PROCUREMENT DECISIONS ARE MADE IN THE U.S., AND THIS REMOVED KEY OPERATIONAL THRUST AS WELL AS SHIFTING MAIN WORKLOAD FROM MEPD TO POST WITHOUT PROVIDING ADDED CCP RESOURCE ALLOCATION. JUDGEMENT ALSO TAKES INTO ACCOUNT THAT SEVERAL SUB-
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SEQUENT USDOC ATTEMPTS TO CAPITALIZE ON EMBASSY

ACTION/PROCUREMENT REPORTS ON INCO, ALCOA, ETC, DID NOT RPT NOT MEET WITH SUCCESS. FINALLY, POST HAS LEARNED FROM JAKARTA BASED U.S. DESIGN CONSTRUCTOR FIRMS THAT POST ACTION 2A AND USDOC ACTION 3 ARE REDUNDANT OF CONSTRUCTOR'S OWN PROCUREMENT EFFORTS.

3. GIVEN THIS OBJECTIVE A STRATEGY LACK OF SUCCESS AND EXISTENCE BETTER ALTERNATIVE OPPORTUNITIES DISCUSSED BELOW, POST HAS NOT RPT NOT ATTEMPTED PREPARE ACTION 1.B PRIORITY RANKINGS. POST THEREFORE PROPOSED FOR REMAINDER FY1975 DELETE ENTIRE CURRENT ANNEX A ACTION STRATEGY AND SUBSTITUTE REQUIREMENT FOR CONTINUED ALERT REPORTING ON SAME PROJECT SECTORS LISTED ANNEX A. THIS REPORTING WILL NOT RPT NOT INCLUDE DETAILED PROCUREMENT SPECIFICS BUT WILL PROVIDE US SUPPLIERS THROUGH USDOC ADVANCE WARNING OF MAJOR DEVELOPMENTS, E.G. PREVIOUS PETROLEUM SECTOR REPORTING (PETROCHEMICAL, FERTILIZER, ETC.) AND UPCOMING CEMENT REPORT.

4. OBJECTIVE B(ANNEX B): REPELITA II SECTORAL EXPENDITURES. POST INITIATED BUT SUBSEQUENTLY DISCONTINUED ACTION 1A. BECAUSE: A) REPELITA II ENGLISH TRANSLATION STILL UNAVAILABLE; B) OIL PRICE ESCALATION CAUSED SIGNIFICANT REVISIONS IN REPELITA BUDGETING; (C) THOSE PORTIONS OF REPELITA II TRANSLATED REVEAL THAT PLANS WERE EXTREMELY GENERAL, VAGUE, AND SOMETIMES CONTRADICTORY AND DID NOT PROJECT SECTORAL PRIORITIES OR PLANNED EXPENDITURES; HOWEVER GOI PRIORITY LIST GIVEN US EXIM BANK MISSION IN SEPTEMBER PROVIDED OPPORTUNITY FOR MISSION TO PURSUE MORE CONCRETE, SPECIFIC OPPORTUNITIES BACKED BY EXIM FINANCING. FURTHERMORE, GOI PRIORITIES ARE LIKELY BE ESTABLISHED ONLY ON AN ANNUAL BASIS AND IN CONNECTION WITH SPECIFIC FINANCING DECISIONS. EXIM VISIT AND SUBSEQUENT GOI PROJECT APPLICATIONS TO EXIM PERMITTED MISSION UNCLASSIFIED

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IMPLEMENT SOME ASPECTS OF ANNEX A OBJECTIVE SINCE MANY OF PROJECT APPLICATIONS FALL INTO SECTORS LISTED ANNEX B, I.E. TRANSPORTATION, TELECOMMUNICATIONS, SUGAR, ELECTRICAL POWER. MISSION ALSO SUBMITTED BATAM ISLAND EARLY WARNING REPORT (ANNEX B1. C), AND PULP AND PAPER REPORT NOW IN PROCESS. IN IMPLEMENTING ANNEX B.2 MISSION EFFORTS TO DEVELOP VIABLE COMPREHENSIVE

SUGAR STRATEGY HAVE BEEN HANDICAPPED AND DELAYED
BY LACK OIM RESPONSE TO MISSION DETAILED PROPOSAL
FOR TRADE MISSION/CATALOGUE SHOW IN SURABAYA
DESPITE VERY STRONG MEPD SUPPORT FOR INDUSTRY
TEAM COMPONENT OF THIS TWO PRONGED STRATEGY.

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5. OBJECTIVE C (ANNEX C): IGGI OPPORTUNITIES.

INCREASED OIL REVENUES HAVE REQUIRED
A REASSESSMENT OF INDONESIA'S NEED FOR CONCESSIONAL
AID, THE ROLE OF THE IGGI, DONOR COUNTRIES AND
MULTI-LATERAL LENDING AGENCIES WHICH WILL BE
IN PART ACCOMPLISHED THROUGH A WORLD BANK/IMF
ANALYSIS INDONESIAN ECONOMY DUE IN MAY 1974, THUS
DELAYING PROGRESS OBJECTIVE C. GOI CONCERTED
EFFORTS TO IMPLEMENT OPPORTUNITY OFFERED BY US
EXIM FUNDING AS ALTERNATIVE TO USAID CONSUMED
POST MANHOURS PROJECTED FOR ACTION 2. ACTION 4:
STATE A-9302 OF DECEMBER 20, 1974 REQUESTED
EARLY WARNING REPORTS ON TWENTY-FIVE IBRD
PROJECTS. STATUS OF THESE 25 PROJECTS WILL BE
REVIEWED WITH MEMBER OF IBRD RESIDENT MISSION;
HOWEVER, EMBASSY BELIEVES SAME INFORMATION
AVAILABLE FROM IBRD WASHINGTON. CCP TASK
FORCE WOULD APPRECIATE WASH VIEWS AS TO WHETHER
POST INPUT ON LIST OF 25 PROJECTS SUFFICIENTLY
VALUABLE TO JUSTIFY MANHOURS SERIOUS INVESTIGATION

WOULD REQUIRE IN LIGHT OTHER PRIORITIES. IT
CCP TASK FORCE VIEW THAT IT MORE RATIONAL FOR
USDOC BRING INDIVIDUAL PROJECTS TO ATTENTION OF
KNOWN QUALIFIED US FIRMS IN US.

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6. OBJECTIVE D: TRADE PROMOTION EVENTS: ACTION 1
AND 3 FULFILLED, BUT NO ACTIVITY YET UNDER ACTION 2
DUE ABSENCE RECENT USDOC REQUESTS. WILL USDOC
FUND POST INITIATED MARKET RESEARCH?

7. ACTION E: UPGRADE FSL'S AND INFORMATION SER-
VICES: ACTIONS 1, 2 AND 3 COMPLETED OR UNDERWAY
EXCEPT FOR: 1.B, WHICH POST WISHES DELETE AS
CCP REQUIREMENT IN ORDER CONCENTRATE MORE
HEAVILY ON ACTION 1.A IN-HOURS TRAINING PROGRAM;
AND 2B,3.A,D,F, ALL OF WHICH PROGRAMMED FOR
SECOND SEMESTER FOLLOWING PREREQUISITE INITIAL
FSL TRAINING AND COMPLETION DATA BASE.
POST RUNNING BEHIND ON ACNJON 4 PTO REQUIRE-
MENT BUT EXPECTS PICK UP PACE AS FSL'S TAKE OVER
THIS FUNCTION. POST STILL UNAWARE WHETHER
OPTIMAL BUDGET FUNDS AVAILABLE TO IMPLEMENT
ACTION 5; PLEASE ADVISE.
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